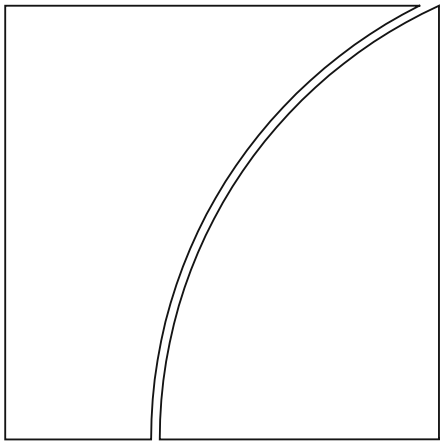
Committee on Payments and Market Infrastructures

Board of the International Organization of Securities Commissions

Consultative report



Governance arrangements for critical OTC derivatives data elements (other than UTI and UPI)

August 2018

BANK FOR INTERNATIONAL SETTLEMENTS

OICV-IOSCO

This publication is available on the BIS website (www.bis.org) and the IOSCO website (www.iosco.org).

ISBN 978-92-9259-188-5 (online)

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1. Introduction

The CPMI and IOSCO seek public comment on possible governance arrangements for critical OTC derivatives data elements other than the Unique Transaction Identifier (UTI), and the Unique Product Identifier (UPI) (CDE). CDE are the key data elements for reporting over-the-counter (OTC) derivatives transactions, in addition to the UTI and the UPI.

1.1 Background

In 2009, the G20 Leaders agreed that all over-the-counter (OTC) derivatives transactions should be reported to trade repositories (TRs) to further the goals of improving transparency, mitigating systemic risk and preventing market abuse.[1] Aggregation of the data being reported across TRs will help authorities to obtain a comprehensive view of the OTC derivatives market and its activity. Such aggregation is feasible if "the work on standardisation and harmonisation of important data elements [is] completed".[2]

Since November 2014, the CPMI and IOSCO working group for harmonisation of key OTC derivatives data elements (Harmonisation Group) has worked to develop global guidance regarding the definition, format and usage of critical OTC derivatives data elements reported to TRs, including the UTI, the UPI and other critical data elements. The *Technical Guidance on the Harmonisation of the Unique Transaction Identifier* (UTI) was published in February 2017,[3] the *Technical Guidance on the Harmonisation of the Unique Product Identifier* (UPI) was published in September 2017,[4] and the *Technical Guidance on the Harmonisation of critical OTC derivatives data elements (other than UTI and UPI)* was published in April 2018.[5]

The CPMI and IOSCO are aware that the definitions, allowable values and possibly also the formats of key OTC derivatives data elements will need maintenance in order to ensure that they remain up-to-date and evolve to reflect and support market practices and regulatory needs. The FSB has published conclusions on governance arrangements and implementation plan for the UTI in December 2017[6] and is developing conclusions on governance arrangements for the UPI. The CPMI and IOSCO have been asked to develop maintenance and governance arrangements for CDE. The CPMI and IOSCO will not address other issues that are already or planned to be covered by other international workstreams.

1.2 Consultative report on maintenance and governance arrangements for CDE

This document discusses the key criteria for the CDE maintenance and governance (Section 2), the different areas of CDE governance and governance functions (Section 3) and a proposed allocation of the governance functions to different bodies, ie the Maintenance Body, the International Governance Body and Authorities (Section 4). After assessing CDE against other OTC derivatives data elements (the UTI, the UPI and the LEI) in Section 5, the document discusses governance arrangements for the execution of maintenance functions by a Maintenance Body (Section 6) and factors relevant for the identification of the

1 TRs are also known as swap data repositories (SDRs) in the United States.

2 See Financial Stability Board, *Feasibility study on approaches to aggregate OTC derivatives data*, September 2014, www.financialstabilityboard.org/wp-content/uploads/r_140919.pdf.

3 See www.bis.org/cpmi/publ/d158.pdf.

4 See www.bis.org/cpmi/publ/d169.pdf.

5 See www.bis.org/cpmi/publ/d175.pdf.

6 See www.fsb.org/wp-content/uploads/P291217.pdf.

International Governance Body (Section 7). Finally, Section 8 briefly mentions the CPMI and IOSCO's approach to CDE implementation.

Comments and responses to general and specific questions are solicited by 27 September 2018 and should be sent to the secretariats of both the CPMI (cpmi@bis.org) and IOSCO (cde@iosco.org) using the dedicated form. The submitted form with comments will be published on the websites of the BIS and IOSCO unless respondents specifically request otherwise.

2 Key criteria for the CDE governance arrangements

Based on the experience of the CPMI and IOSCO technical harmonisation work, as well as the FSB's conclusions on governance arrangements for the UTI and consultations on the governance arrangements for the UPI, the CPMI and IOSCO have identified the following key criteria for the CDE governance arrangements:

1) Consultative change process

Market participants (including messaging standards bodies)[7] should be appropriately involved, so that they would be able to signal any new market development affecting the harmonisation of CDEs and provide expertise on market practices as appropriate.

Market participants should be able to provide their views on CDE revisions.

2) Public interest

Proposals of CDE revisions under consideration should be developed and assessed on the basis of their contribution to the public and regulatory interest.

The G20 in Pittsburgh set out the goals of improving transparency in the OTC derivatives markets, mitigating systemic risk, and protecting against market abuse. One of the means identified by the G20 to further these goals was to have all OTC derivatives transactions reported to a TR. Effective governance of CDE will further these goals by facilitating the consistent aggregation of OTC derivatives data at a global level.

The development of harmonised CDE is to facilitate the aggregation of OTC derivatives data held in the TRs. Therefore, the CDE governance arrangements should support CDE revision requests, the introduction of new data elements, or the deletion of existing data elements in light of changes in public and regulatory interest, complemented by a coordination mechanism that, among other things, facilitates coordination among Authorities.

3) Fit for purpose

Bodies to whom CDE maintenance and governance functions are assigned should be able to perform the functions identified in a timely and efficient manner and should have reasonable access to the necessary resources and information to do so. Further, the CDE governance arrangements should ensure that the CDE Technical Guidance and CDE Data Standards remain well adapted to the needs of Authorities.

[7] Examples of messaging standards bodies include FpML and FIX.

4) Change only as needed

Change requests to CDE should be managed on a need-only basis (eg Authorities' needs or developments in market practices) and consider benefits and costs of such revisions, to minimise impact on various stakeholders.

5) Open access

Access to and use of CDEs (definitions, formats and allowable values) as published in the CDE Technical Guidance and in the CDE Data Standards should be unrestricted and available free of charge.

6) Intellectual property

Use of the CDE, including their definitions, formats and allowable values, should not be subject to any intellectual property restriction.

7) Lean

The CDE governance arrangements should not be unduly costly and complex.

8) Compatibility

CDE maintenance should be agnostic to existing communication protocols and should be implementable in any existing syntax.

9) Consideration of other arrangements

The CDE governance arrangements should take into account arrangements for other data elements, such as the LEI, UTI and UPI.

Q1: With reference to the key criteria of the CDE governance arrangements (Section 2):

a) Do you consider any further criteria should be included in the above list? If so, which ones should be added and why?

b) Are there any criteria in the above list that you do not consider relevant to the CDE governance arrangements? If so, which ones should be removed and why?

c) Do you think any of the key criteria should be modified? If so, which ones should be modified, why and how?

d) Are there considerations which the CPMI and IOSCO should take into account in the event they might need to balance one or more of these criteria against others (ie if a trade-off between criteria becomes evident)?

3 CDE areas of governance functions

AREA 1: Execution of maintenance functions

CDE maintenance encompasses the following functions:

1.1 Updating definitions, formats and allowable values of data elements published in the CDE Data Standards consistently with the Authorities' needs and purposes for which the CDE Technical Guidance was developed.

1.2 Updating (adding/deleting) the list of critical data elements published in the CDE Data Standards based on the Authorities' inputs and consistently with the Authorities' needs.

1.3 Potential updating of the CDE Technical Guidance.

CPMI and IOSCO's preliminary view is that the CDE maintenance functions 1.1 and 1.2 will be carried out by one entity, the Maintenance Body, such as an international data standards development organisation. The Maintenance Body is discussed in Section 6.

AREA 2: Oversight functions for CDE

2.1 Monitoring, analysing and resolving issues and requests related to the maintenance of the CDE Data Standards.

2.2 Decision-making mechanism among Authorities that are taking part in the governance arrangements. Such updates should take into account the evolution in market practices, Authorities' needs and purposes for which the CDE Technical Guidance was developed.[8]

The maintenance process should start from the set of data elements in the CDE Technical Guidance and this data set should be updated as market practices and other needs evolve over time. In addition, the maintenance process is expected to tackle the harmonisation of certain data elements and allowable values that were not included in the CDE Technical Guidance (eg data elements related to events, allowable values for the data elements Price unit of measure, Quantity unit of measure and Custom basket constituents' unit of measure).

2.3 Mechanism through which the International Governance Body liaises with the Maintenance Body.

AREA 3: Implementation functions

3.1 Processing requests for information (related to the CDE Technical Guidance) and providing clarifications.

3.2 Dissemination of the CDE Technical Guidance, as addressed to Authorities, to facilitate its broad application.

3.3 Communicating with relevant stakeholders about the CDE Technical Guidance for educational purposes.

3.4 Recommending how the CDE Technical Guidance should be implemented by Authorities, including possible levels of coordination.

3.5 Monitoring the implementation of the CDE Technical Guidance at the global level and identifying implementation issues that may hinder a harmonised approach to OTC derivatives reporting.

3.6 Assessing the extent to which the reporting of CDE to TRs conforms with the jurisdictional implementation of the CDE Technical Guidance.

Q2: With reference to the CDE areas of governance functions (Section 3):

a) Can you suggest any refinements or additions to the articulated governance functions?

b) Can you suggest any other functions that should be included in the above list?

c) Are there functions in the list that are not relevant for the CDE in your view and if so which ones and why?

[8] The CDE included in the Technical Guidance were selected from the list included in Annex 2 ("Illustrative list of potential data fields for OTC derivatives") of the January 2012 CPSS-IOSCO *Report on OTC derivatives data reporting and aggregation requirements* and subsequently updated taking into consideration authorities' experience, interaction with the industry and feedback from the public consultations.

d) Are there considerations which the CPMI and IOSCO should take into account in the event they might need to balance the performance of one or more of these functions against others (ie if a trade-off between functions becomes evident)?

4 A proposed allocation of CDE governance functions to different bodies

After considering the CDE Technical Guidance, the key criteria and the CDE governance functions, and existing governance arrangements for other data elements, the CPMI and IOSCO concluded that the effective execution of the CDE governance functions requires three different bodies, with different expertise and playing different roles: the Maintenance Body, the International Governance Body and/or the Authorities.[9] The following provides the CPMI and IOSCO's preliminary views on the allocation of CDE governance functions.

4.1 Proposed Governance Arrangements for Area 1, Execution of maintenance functions

4.1.1. *Updating definitions, formats and allowable values of data elements published in the CDE Data Standards consistently with the Authorities' needs and purposes for which the CDE Technical Guidance was developed.* The CPMI and IOSCO propose that this function be allocated to the Maintenance Body.

This function refers to technical updates of the CDE Data Standards that the Maintenance Body executes as directed by the International Governance Body. The Maintenance Body could advise the International Governance Body if an update of definitions, formats and allowable values is needed. There may be some updates that the International Governance Body may consider delegating to the Maintenance Body to routinely implement while other updates would need to be consulted on with the International Governance Body. Any policy considerations related to the CDE Data Standards will necessarily remain outside the realm of this Area 1 governance function and form part of any governance structure described below for Area 2.

4.1.2. *Updating (adding/deleting) the list of critical data elements published in the CDE Data Standards based on the Authorities' inputs and consistently with the Authorities' needs.*[10] The CPMI and IOSCO propose that this function be allocated to the Maintenance Body.

This function refers to the technical update of the list of CDE published as CDE Data Standards that the Maintenance Body executes as directed by the International Governance Body. The Maintenance Body could advise the International Governance Body on the necessity of an update of the CDE list. Any policy considerations related to the CDE Data Standards will necessarily remain outside the realm of this Area 1 governance function and form part of any governance structure described below for Area 2.

4.1.3. *Potential updating of the CDE Technical Guidance.* The CPMI and IOSCO propose that this function be allocated to the International Governance Body.

The International Governance Body may consider updating the CDE Technical Guidance in response to evolving market practices and regulatory needs. As the CDE Technical Guidance is global

[9] Please refer to the glossary in Annex 2 for an explanation of how these terms are used in this note.

[10] Updating means adding new critical data elements (along with their definitions, formats, and allowable values) to the list of CDE or removing critical data elements (along with their definitions, formats, and allowable values) from the list of CDEs.

guidance addressed to all Authorities, updates to the CDE Technical Guidance may only be agreed at the international level.

4.2 Proposed Governance Arrangements for Area 2, Oversight functions

4.2.1 *Monitoring, analysing and resolving issues and requests related to the maintenance of the CDE Data Standards*. The CPMI and IOSCO propose that this function be allocated to the International Governance Body or to the Maintenance Body, as described below.

The Maintenance Body will monitor and analyse issues related to maintenance of the CDE Data Standards as well as maintenance requests raised by the market participants. Based on this analysis, the Maintenance Body may escalate the maintenance request to the International Governance Body if the Maintenance Body sees a case for making changes to the CDE Data Standards.

The International Governance Body will analyse maintenance requests related to the CDE Data Standards raised by Authorities. In the case of maintenance requests that could result in an update to the CDE Data Standards, the International Governance Body should be able to consult the industry and gather feedback from it.

The International Governance Body may consider monitoring and analysing issues related to the execution of the maintenance functions by the Maintenance Body, and liaise with the Maintenance Body to ensure their timely resolution. Furthermore, the International Governance Body may decide, with sufficient cause and where necessary in the public interest, to review the designation of the identified Maintenance Body as the entity allocated to carry out maintenance of CDE Data Standards, and to reconsider such a designation.

4.2.2 *Decision-making mechanism among Authorities taking part in the governance arrangements*. The CPMI and IOSCO propose that this function be allocated to the International Governance Body. Details of the decision-making mechanism among Authorities will be part of the final report of the CPMI and IOSCO on governance arrangements of CDE.

4.2.3 *Mechanism through which the International Governance Body liaises with the Maintenance Body*. The CPMI and IOSCO propose that this function be allocated to the International Governance Body and the Maintenance Body. Details of the liaison mechanism will be part of the final report of the CPMI and IOSCO on governance arrangements of CDE.

4.3 Proposed Governance Arrangements for Area 3, Implementation functions

4.3.1 *Processing requests for information (related to the CDE Technical Guidance) and providing clarifications*. The CPMI and IOSCO propose that this function be allocated to the International Governance Body and to Authorities as follows:

Matters related to the CDE Technical Guidance that are of international or common relevance may be addressed by International Governance Body.

Authorities may wish to consider responding to requests for information, clarification and guidance regarding binding legal obligations stemming from Authorities' implementations of the CDE Technical Guidance, because Authorities' rules will be the sole basis for any legal compliance obligation.

Authorities and the International Governance Body should, consistent with Authorities' jurisdictions and the International Governance Body's mandate and subject to its consensus procedures, coordinate the analysis and response to any requests for information that are of international or common relevance, as appropriate.

4.3.2 *Dissemination of the CDE Technical Guidance, as addressed to Authorities, to facilitate its broad application*. The CPMI and IOSCO propose that this function be allocated to the International Governance Body or Authorities as follows.

At the international level, the CPMI and IOSCO have already published the CDE Technical Guidance and continue to disseminate it online.

The International Governance Body could also disseminate the CDE Technical Guidance upon request and, on an ad hoc basis, serve as the ongoing repository for it.

The Maintenance Body would disseminate the CDE Data Standards.

As the CDE Technical Guidance is relevant to (local and national) stakeholders only through the enactment of rules by Authorities, Authorities may wish to consider disseminating the CDE Technical Guidance to such stakeholders.

4.3.3 *Communicating with relevant stakeholders about the CDE Technical Guidance for educational purposes*. The CPMI and IOSCO propose that this function be allocated to the International Governance Body or to Authorities as follows.

There should be no significant need to promote the CDE Technical Guidance to its target audience – Authorities – beyond what has already been done by the CPMI and IOSCO, and Authorities could turn to each other or to the International Governance Body to the extent there is a need to be educated about the CDE Technical Guidance. Authorities may wish to consider communicating with their stakeholders about the CDE Technical Guidance for educational purposes.

4.3.4 *Recommending how the CDE Technical Guidance should be implemented by Authorities, including possible levels of coordination*. The CPMI and IOSCO propose that this function be allocated to the International Governance Body as follows.

The International Governance Body may provide recommendations on the preferred timing of Authorities' implementation of rules consistent with the CDE Technical Guidance.

4.3.5 *Monitoring the implementation of the CDE Technical Guidance at the global level and identifying implementation issues that may hinder a harmonised approach to OTC derivatives reporting*. The CPMI and IOSCO propose that this function be allocated to the International Governance Body.

The CPMI and IOSCO tentatively believe that the International Governance Body would be best placed to undertake such monitoring. In the case that issues are identified at the international level, the International Governance Body could make recommendations to Authorities.

4.3.6 *Assessing the extent to which the reporting of CDE to TRs conforms with the jurisdictional implementation of the CDE Technical Guidance*. The CPMI and IOSCO propose that this function be allocated to Authorities.

Authorities may wish to consider performing this function because it relates to the jurisdictional implementation of the CDE Technical Guidance.

In some jurisdictions, the relevant authority for implementing the CDE Technical Guidance may not coincide with the authority for the above-mentioned described conformity assessment. In some jurisdictions, the latter authority may assign the conformity assessment activities to TRs.

Q3: With reference to the proposed allocation of CDE governance functions to different bodies (Section 4):

a) Are there any functions on this list that you think would be better allocated to a different entity? If so, which functions and why? In your assessment, please explicitly consider the way each function is further detailed in section 4.

b) If under Q2a you have suggested any addition to the governance functions articulated in section 3, please propose an allocation of those additional functions and provide the rationale for such proposed allocation.

c) In relation to the proposed governance arrangements under point 4.2.1, what process should the IGB use to consult and gather feedback from the industry, and why?

d) What conditions should be considered, other than changes to allowable values, formats and definitions when deciding to update the CDE Data Standards?

e) Would you see specific reasons why the CDE Technical Guidance should be updated whenever the CDE Data Standards are updated?

5 Assessment of CDE against other OTC derivatives data elements (UTI, UPI, LEI)

The CDE governance arrangements are not the first governance arrangements on an international level for the harmonisation of data elements. Recently, the FSB has issued conclusions and an implementation plan for the UTI governance arrangements and has conducted two consultations on governance arrangements for the UPI.[11] The technical harmonisation of the UTI and of several CDE data elements make reference to the LEI, for which governance arrangements have already been established. These three identifiers that are relevant in OTC derivatives transactions have similarities and differences with the CDE, which has implications for the CDE governance arrangements.

CDE, as well as the UTI, UPI and LEI, all require a reliable technical implementation of their related data standards, which affects any related governance arrangements. Beyond this, however, the CDE, UTI, UPI and LEI exhibit similarities or differences (to varying degrees) on a number of key dimensions that have implications for the CDE governance arrangements. For this reason, after describing the governance arrangements for the abovementioned identifiers, this section assesses the CDE's similarities and differences with the UTI, UPI and LEI across those key dimensions. Table 1 in Annex 1 provides a summary of that assessment. Based on this analysis, the CPMI and IOSCO will consider whether these existing governance arrangements (or elements thereof) should be incorporated into or be adopted for the CDE governance arrangements.

The key dimensions for the assessment can be mapped into one of the following characteristics that define CDE:

- Breadth of coverage: The CDE technical guidance harmonises more than 100 separate and often interlinked data elements.
- Reliance on multiple data standards: CDE rely on multiple data standards, eg ISO 8601 date conventions or ISO 17442 LEI. This dependency could raise issues if changes were made to the linked standards, even if infrequently. For example, changing the allowable value under certain data standards might change the format of the corresponding CDE.
- Expectation that maintenance will occur frequently: it is expected that allowable values of CDE will be subject to frequent changes.[12] In addition, the CDE list of data elements may be expanded periodically. Equally, it may also be necessary to delete certain data elements (for more details, see Table 1 in Annex 1).

[11] www.fsb.org/wp-content/uploads/P031017.pdf and www.fsb.org/wp-content/uploads/P260418-1.pdf.

[12] It is also expected that definitions and formats will need maintenance, although less frequently than allowable values.

- Lack of linkage to reference data: CDEs are not linked to reference data (with the exception of custom baskets).
- No reliance on third-party firms to explicitly generate CDE: reporting entities do not need to rely on third-party firms (such as UPI service providers, entities issuing LEIs or entities in the UTI generation waterfall) to report CDE.

5.1 Unique Transaction Identifier

(i) Description of the arrangements

The Unique Transaction Identifier (UTI) is a key data element for reporting over-the-counter (OTC) derivative transactions to uniquely identify individual OTC derivatives transactions on reports to TRs. The February 2017 CPMI-IOSCO *Technical Guidance – Harmonisation of the Unique Transaction Identifier*[13] (UTI Technical Guidance) provides guidance to Authorities that enables them to set rules for a uniform global UTI. It includes guidance on the UTI's definition and format as well as on the responsibility for the UTI generation.

The December 2017 *FSB Governance arrangements for the unique transaction identifier (UTI) – Conclusions and implementation plan*[14] (Report on UTI governance arrangements) sets out the UTI Governance Arrangements (as defined) and a recommended implementation plan. The UTI Governance Arrangements focus on the allocation of the maintenance of the UTI Data Standard and of the other UTI governance functions.[15]

As for the maintenance of the UTI Data Standard, the FSB concluded that maintenance and oversight of the UTI Data Standard (as defined) should be allocated to an International Standardisation Body for publication as an International Data Standard. The FSB also selected the International Organization for Standardization (ISO) as the International Standardisation Body responsible for publishing and maintaining the UTI Data Standard as an International Data Standard. Since Authorities may need to adopt rules in order to implement the UTI, giving them the option of referring specifically to an International Data Standard might make such rules easier to draft and facilitate their interpretation by users.

As for the UTI governance functions, the FSB report on UTI governance arrangements allocates to the International Governance Body, with some qualifications and under certain conditions, roles with regard to specified functions, which can be broadly summarised as: (a) disseminating (along with the Authorities) the UTI Technical Guidance, for its application and promotion; (b) providing clarifications on matters of international and common relevance; (c) issuing recommendations on preferred timing for Authorities to implement the UTI Technical Guidance in their own rules; (d) monitoring Authorities' implementation of the UTI Technical Guidance; (e) facilitating coordination of Authorities that assess market participants conformity to the jurisdictional rules mentioned under (c); and (e) updating the UTI Technical Guidance as appropriate. Some UTI governance functions have been allocated to the relevant Authorities, exclusively or alongside the International Governance Body.

[13] www.bis.org/cpmi/publ/d158.pdf.

[14] www.fsb.org/wp-content/uploads/P291217.pdf.

[15] The FSB Report on UTI governance arrangements distinguishes the following UTI areas of governance functions: overseeing the UTI Data Standard (Area 1), implementing the UTI Technical Guidance (Area 2), coordinating among authorities and updating the UTI Technical Guidance as necessary (Area 3).

(ii) Similarities to CDE

The UTI governance arrangements are designed to be responsive to change requests. Similarly, the CPMI and IOSCO tentatively believe that the CDE governance arrangements should also be responsive to change requests.

The UTI is not linked to reference data, which simplifies the required maintenance (all else being the same). Similarly, CDE are not typically linked to reference data with the exception of custom baskets.

(iii) Differences to CDE

In the UTI governance arrangements, the waterfall of responsibility for generating UTI values is central. This is not a concern for CDE, which are incidental to the life-cycle of an OTC derivatives transaction and do not have to be explicitly generated.

The CPMI and IOSCO tentatively believe that the UTI will be subject to much less frequent changes than CDE.

5.2 Unique Product Identifier

(i) Description of the arrangements

The Unique Product Identifier (UPI) is a key data element for reporting over-the-counter (OTC) derivative transactions to TRs, as it allows the product that is the subject of a particular OTC derivatives transaction to be identified. The September 2017 CPMI-IOSCO *Technical Guidance – Harmonisation of the Unique Product Identifier* (UPI Technical Guidance) provides guidance to Authorities that enables them to set rules for a uniform global UPI. The Technical Guidance refers to the UPI System, encompassing the UPI Code, the UPI Reference Data Library, and the process of assigning a UPI Code to a set of reference data elements.

In October 2017 and April 2018, the FSB issued two consultation documents on Governance arrangements for the unique product identifier (UPI).[16] The first consultative report focuses on the key criteria for the UPI governance arrangements and on the areas of UPI governance, and discusses the possibility of having one or several UPI Service Providers. The second consultative document asks additional, targeted questions to assist the FSB in reaching its conclusions on aspects of the appropriate governance arrangements for the UPI System (as defined). These aspects comprise, among others, the funding model for the UPI System, cost recovery, intellectual property, single versus multiple UPI Service Providers, and appropriate provision for a reference data library and possible single point of contact. The FSB expects to reach conclusions on the UPI Governance Arrangements, and to identify one or more UPI Service Provider(s), by mid-2019.

(ii) Similarities to CDE

Both the UPI (in particular the UPI Reference Data Elements) and CDE will require ongoing maintenance to keep them up-to-date with changing market practices (eg new product types).

Finally, both CDE and the UPI refer to some existing ISO standards (eg country code list, ISO 3166 standard, as referenced in the UPI reference data).

(iii) Differences to CDE

The UPI code is connected to a UPI Reference Data Library (containing the UPI Reference Data Elements) which will require maintenance (eg generation of new allowable values for the UPI reference data), whereas

[16] www.fsb.org/wp-content/uploads/P031017.pdf and www.fsb.org/wp-content/uploads/P260418-1.pdf.

the CDE are not connected to any reference data library. So the maintenance of a reference library is not a relevant consideration for CDE.

The UPI values have to be explicitly generated. The UPI is not generated by either counterparty of a transaction or any entity related to the transaction, and some stakeholders may need to access the entire list of UPIs to determine the appropriate UPI or request one if it does not exist for that transaction. CDE are incidental to the lifecycle of an OTC derivatives transaction, are based on predetermined allowable values, and do not have to be explicitly generated as UPI codes do. So there is no need for a UPI Service Provider(s) type of entity for CDE.

5.3 Legal Entity Identifier

i) Description of the arrangements

The Legal Entity Identifier (LEI) is a 20-digit reference code to uniquely identify entities that engage in financial transactions and associated reference data. The LEI code is based on an ISO Data Standard (ISO 17442) and the governance of the Global LEI System was based on recommendations by the FSB[17] and endorsement of the Charter of the LEI Regulatory Oversight Committee (LEI ROC) by the G20 nations in November 2012. The LEI connects to key reference data that describe a legal entity identifiable under an LEI. The reference data include "Level 1" data and "Level 2" data. The Level 1 data or business card information is available along with the Level 2 or LEI reference data. For example, the official name of a legal entity and its registered address, is referred to as "Level 1" data. These explain "who is who". The "Level 2" data are intended to explain "who owns whom". These data allow the direct and ultimate parents of a legal entity to be identified, and vice versa in cases where the entities owned by individual companies need to be identified.[18]

LEIs are issued and maintained through the Global LEI System (GLEIS), comprising (a) the federated system of LEI Operating Units (LOUs); (b) the Global LEI Foundation (GLEIF); and (c) the LEI ROC.

The LOUs issue LEIs and validate the LEI reference data.

The GLEIF is the central operational unit in charge of the publication of a central database of LEIs[19] and of the system's operational oversight. The GLEIF is responsible for developing the operational and technical standards for the GLEIS, in consultation with the ROC and other relevant stakeholders, such as data file formats and the normalisation of reference data (eg business registry naming conventions), operational manuals, and methods and procedures for the GLEIF or the LOUs. It is also responsible for assessing whether LOUs meet the accreditation requirements, at the moment of their accreditation and on an ongoing basis, and has the ability to audit LOUs.

Finally the LEI ROC oversees the GLEIS. The LEI ROC is responsible for policy standards, such as the definition of eligibility to and conditions for obtaining an LEI, of the reference data definition, of the nature of due diligence and other standards necessary to ensure sufficient data quality, and of principles governing data and information access.[20] The LEI ROC can also perform other important oversight of the GLEIF, including the following: (i) the LEI ROC may review important matters going to the GLEIF Board of

[17] http://www.fsb.org/2012/06/fsb-report-global-legal-entity-identifier-for-financial-markets/.

[18] https://www.gleif.org/en/lei-data/access-and-use-lei-data/level-2-data-who-owns-whom.

[19] https://www.gleif.org/en/lei-data/access-and-use-lei-data.

[20] Under Article 30 of the GLEIF Statutes, "while the ROC is not a body of the Foundation, it defines the framework, principles and standards under which the GLEIS shall operate, in accordance with the purpose clause of the Foundation, and oversees the respect thereof".

Directors, where relevant, to issue a recommendation for the consideration of the GLEIF, before the GLEIF Board takes an independent decision;[21] (ii) the LEI ROC representatives are permitted to attend GLEIF Board meetings as non-voting observers and the LEI ROC is consulted on the appointment of new GLEIF Board members;[22] (iii) LEI ROC may remove the designation/authorisation of the GLEIF to operate as the central operating unit of the Global LEI System; and (iv) LEI ROC may ask to conduct inspections and request access to information.[23]

ii) Similarities to CDE

The LEI ROC is responsible for continuously evaluating the relevance of existing standards, and proposing new or adapting existing standards for the Global LEI System that serve the broad public interest or reflect changes in financial markets or other relevant areas, as required. The CDE will also need to take into account inputs from the private sector, for example, in the form of maintenance requests, such as changes or additions to the CDE Data Standards.

Finally, both CDE and LEI refer to some existing ISO standards (eg country code list, ISO 3166 standard, is referenced in the LEI level 1 data).

iii) Differences to CDE

The issuance and validation of the identifiers is part of the LEI governance arrangements, whereas such activities do not apply to the CDE. Moreover, the LEI Data Standard is expected to be more stable over time than the definition, format and/or allowable values of CDE. On the other hand, the LEI reference data are subject to ongoing maintenance in terms of their scope, definitions, formats and allowable values. However, unlike LEI reference data, CDE are expected to see change requests at a medium to high frequency across all dimensions of the relevant data standards (ie definitions, formats and allowable values).

Finally, the CDE are not connected to any reference library. Thus, maintenance of a reference library would not be part of the responsibilities of the CDE maintenance body. In contrast, the GLEIF maintains the LEI database.

5.4 Preliminary conclusions from assessment of CDE against other OTC derivatives data elements

The comparison of CDE with the UTI, UPI and LEI supports the following preliminary conclusions for CDE:

1. There is a need for a single Maintenance Body.

– The broad coverage of CDEs (more than 100 data elements) means that there is a strong need for a single maintenance body (as opposed to separate standards bodies handling sections of the CDE) so that maintenance of the CDE Data Standards can efficiently and effectively account for the interdependencies among the many CDE.

2. The ISO is well placed to play the role of single Maintenance Body.

[21] See Article 23 of the GLEIF Statutes: "Whenever the Board does not entirely adopt a recommendation delivered by the ROC, the results of the Board's decision and the reasonable grounds for such decision shall be made promptly and publicly available, unless, as discussed with the ROC chairs, such publication violates confidentiality or privacy criteria."

[22] See Articles 15 and16 of the GLEIF Statutes.

[23] Article 30 of the GLEIF Statutes: "The ROC may request to inspect and monitor the activities of the Foundation, including to undertake on-site reviews, conduct hearings, request reports and other means, as well as to request information from the Board as specified in the ROC Charter."

– Because CDE rely on multiple data standards, many of which are ISO standards, the ISO would be able to centrally manage all the standards and ensure consistency.

– Given the need for reliable technical implementation of data standards, the ISO's expertise in this area make it the appropriate body to maintain the CDE.

3. The International Governance Body needs to liaise closely with the Maintenance Body.

– Because the Maintenance Body is expected to have to deal with frequent change and additional requests as market practices evolve, the International Governance Body is expected to liaise closely with the Maintenance Body to ensure that any proposed changes to the CDE Data Standards under consideration by the Maintenance Body are in line with Authorities' needs.

4. There is no need for a UPI Service Provider(s) type of entity, or related governance arrangements, for CDE.

– There is no reliance on third-party firms to explicitly generate CDE.

5. There is no need for a reference data library operator, or related governance arrangements, for CDE.

– CDE do not need a reference data library to be operated and maintained and thus there is no need for related oversight functions.

6 Proposed governance arrangements for the execution of maintenance functions (area 1)

Area 1 refers to technical updates of the CDE Data Standards,[24] which the Maintenance Body executes in response to direct input from the International Governance Body. Such updates do not involve any policy considerations related to the CDE Data Standards, which will form part of the governance areas allocated to the International Governance Body. The execution of maintenance functions 1.1 and 1.2 includes, in particular, any revision of the components of CDEs, as included in the Data Standards, or amendments to the definitions, formats and/or allowable values of existing CDE Data Standards.

6.1 Adoption of CDE as International Data Standards maintained by an International Standardisation Body

The CPMI and IOSCO have considered how best to ensure that any updates to the CDE are made available to the relevant stakeholders and can be consistently implemented worldwide. The CPMI and IOSCO's tentative conclusion is that this objective can be best achieved if the CDE are adopted as International Data Standards maintained by an International Standardisation Body that takes on the role of the Maintenance Body for CDE. This would also potentially facilitate the inclusion of the CDE into standardised messages, thus helping industry participants to program the CDE into electronic messaging systems, a practice which will encourage broad adoption and enhance data quality.

Furthermore, execution of maintenance functions is entirely technical in nature and would benefit from the experience and skills of an International Standardisation Body. In addition, the output of such a body is recognised in the form of international standards, which are therefore more likely to be disseminated and accepted than they would be without the body's assistance.

[24] Critical data elements other than the UTI and UPI, as included in the Data Standards.

Finally, many of the CDE are already subject to a standard from an International Standardisation Body. Consistency with such standards will make generation and sharing of the CDE more efficient.

Currently, there are no International Standardisation Bodies over which the International Governance Body would be able to have full control over data standards work. Nevertheless, participation by the International Governance Body in the appropriate decision-making processes of the Maintenance Body must ensure the execution of the maintenance functions such that the CDE Data Standards are and remain consistent with the purposes for which the CDE Technical Guidance was developed. The assumption that such an arrangement can be worked out with any International Standardisation Body is important to the CPMI and IOSCO's recommendation.

Q4: With reference to the adoption of CDE as International Data Standards maintained by an International Standardisation Body (Section 6.1):

a) Do you agree with the analysis? If not, how would you amend it?

b) Do you see any disadvantages to seeking CDE adoption as International Data Standards?

6.2 Allocation of the execution of the CDE maintenance functions to ISO

The Technical Guidance on Harmonisation of critical OTC derivatives data elements includes over 100 CDE. In line with the preliminary conclusions set out in Section 6.4, the CPMI and IOSCO are of the view that in order to ensure that all the data elements are consistently maintained, the execution of the maintenance functions should be assigned to a single Maintenance Body.

Furthermore, in the CPMI and IOSCO's preliminary view, the ISO would be a preferred candidate for the Maintenance Body for the following reasons:

- Almost half of the CDE are already tied to an existing ISO standard.[25] Thus, the ISO would be best placed to ensure consistency between the CDE Data Standards and other ISO standards.
- The ISO has long experience in maintaining Data Standards and has historically been flexible in permitting financial regulators to be involved in regulatory governance work as the registration agent for financial Data Standards. Given this experience, the ISO is also deemed to be the best candidate to accommodate the critical data elements included in the CDE Technical Guidance that currently do not refer to any existing standards.
- The ISO has experience in actively managing the technical aspects of data standards maintenance for regulatory standards, including technical specification work to translate a regulatory standard into a Data Standard.
- The ISO maintains a significant presence within the financial services community. The ISO International Data Standards are developed by groups of experts from all over the world that are part of larger groups called technical committees. These experts negotiate all aspects of the standard, including its scope, key definitions and content. Although the CPMI and IOSCO have already specified the definitions, formats and allowable values of the CDE via the CDE Technical Guidance, this financial services expertise would seem to be valuable in developing technical specifications and an International Data Standard.
- The inclusion of CDE in the ISO lexicon, including the ISO's universal financial industry message scheme, ISO 20022, would make the CDE generally available for purposes other than OTC derivatives. This too would enhance its acceptance and use by industry, an important goal in ensuring reliable and widespread use of CDE as a global standard.

[25] Forty-one out of 101 data elements have allowable values that explicitly refer to ISO standards or are dates or timestamps in line with ISO 8601.

CPMI and IOSCO tentatively conclude that, with the assumption that an arrangement could be reached with the ISO as outlined earlier (Section 6.1), and by clearly limiting the scope of the Maintenance Body's work to the operational execution of the maintenance functions (Sections 4.1.1 and 4.1.2), the ISO should be able to perform the role of the Maintenance Body such that the CDE Data Standards are, and will remain, consistent with the purposes for which the CDE Technical Guidance was developed.[26]

Alternatives to the ISO exist, such as the Object Management Group (OMG). The OMG is an international, open membership, not-for-profit standards consortium. The OMG's focus is on the development of enterprise integration modelling standards. Relevant financial standardisation activities promoted under the OMG include the Financial Industry Business Ontology (FIBO) and the Financial Instrument Global Identifier (FIGI). Both of these standards are maintained by the OMG Finance Domain Task Force.

However, it is the CPMI and IOSCO's understanding that the ISO has greater depth in the financial services industry. The OMG does maintain liaison relationships with the ISO allowing the promulgation of each body's standards to be recognised as International Data Standards.

Based on the above, the CPMI and IOSCO tentatively conclude that the ISO is the best candidate to execute the maintenance functions of CDE.

Q5: With reference to the Allocation of the execution of maintenance functions of CDE to ISO (Section 6.2):

a) Do you agree with this analysis? If not, how would you amend it or what alternatives would you suggest?

b) If a decision were taken to adopt the CDE as International Data Standards, should the CPMI and IOSCO seek to specify any conditions or limitations on ISO concerning the maintenance of the CDE Data Standards? If so, which?

c) Do you see any other advantages and disadvantages of seeking ISO's assistance in this governance area?

d) Can you identify any relevant lessons from the LEI governance or other standards in use in the financial community? Are there any lessons learned with respect to referral of a data standard to ISO for adoption?

6.3 Inclusion of CDE in the ISO 20022 data dictionary

In the light of the assessment in Section 5 and given the breadth of CDE (more than 100 data elements), the CPMI and IOSCO tentatively believe that the inclusion of CDE in ISO 20022, a platform for financial data standards that includes an interoperable data dictionary, would be more appropriate and efficient than adopting each of the data elements in the CDE as a separate ISO standard. There are three reasons that support this belief: first, access by the public to data dictionary items is free, whereas ISO standards are subject to a fee. Second, most CDE rely on Business Concepts that are already in the ISO20022 data dictionary or could become Business Concepts without major obstacles. Third, the process for including new data elements in the ISO 20022 data dictionary is simpler than the process for creating a separate

[26] It is understood that the Maintenance Body could nevertheless still create a further version of the data elements' allowable value list that market participants may use for purposes other than meeting jurisdictional regulatory reporting requirements. For example, the ISO 20022 data dictionary allows for different versions of the same data elements, for example, with different lists of allowable values.

standard,[27] which would in turn support a timely adoption of the CDE as International Data Standards and a timely implementation of additions to the CDEs in the face of changing market dynamics.

It should, however, be noted that some of the data elements in the CDE refer back to existing ISO standards (such as LEI or currency) and it is not the intention of the CPMI and IOSCO to change such standards by inclusion of the CDE in the ISO 20022 data dictionary. For example, a number of CDE make reference to the ISO 4217 standard on currencies (eg Notional currency, Settlement currency, Option premium currency). While the format and allowable values for these data elements are determined in the ISO 4217 standards, they would still have to be included in the ISO 20022 data dictionary with their respective definitions and allowable values, as set out in the CDE Technical Guidance.

The steps required to include the CDE in the ISO 20022 data dictionary may differ depending on whether a given data element already exists in the ISO 20022 data dictionary (as a Business Concept)[28] or if it would be an addition to the data dictionary. In the first case, the International Governance Body would need to assess whether the definition, format and allowable values of the CDE would be appropriately addressed by the existing Business Concept. If so, then the existing Business Concept would be considered as interoperable in this setting, and no further action by the International Governance Body would be required with respect to the data dictionary. If not, the International Governance Body could request creation of a new Business Concept in the ISO 20022 data dictionary that would be adequate on a harmonisation basis for regulatory reporting purposes. In addition, the International Governance Body could propose a new or revised ISO 20022 message that would adapt the usage of an existing or a new Business Concept in the context of harmonised OTC derivatives transaction reporting.[29] Developing such a message would also afford the International Governance Body an important degree of influence over how the associated data elements in the ISO 20022 dictionary would be used in regulatory reporting.[30]

In order to submit a new or a change request for an ISO 20022 message, the International Governance Body would need to become a submitting organisation.[31] However from the perspective of the CDE governance, this approach would have two important implications. First, in line with the criterion of open access, it would ensure that the complete set of CDEs as specified in the Technical Guidance and included in the CDE Data Standards is easily and freely available on the ISO 20022 website to all interested market participants.[32] Second, it would provide the International Governance Body with more control over how the ISO 20022 elements used for the purpose of CDE are utilised in OTC derivative transaction reporting, thus ensuring that the maintenance of CDE contributes to the public and regulatory interest. For example, in the case of a change request affecting the messages in question, the International

[27] "ISO 20022 – Universal financial industry message scheme (which used to be also called "UNIFI") is the international standard that defines the ISO platform for the development of financial message standards. Its business modelling approach allows users and developers to represent financial business processes and underlying transactions in a formal but syntax-independent notation. These business transaction models are the 'real' business standards." Response to FAQ on "What is ISO 20022?", available at https://www.iso20022.org/faq.page.

[28] More information on the ISO 20022 data dictionary can be found at https://www.iso20022.org/understanding_the_data_dictionary.page.

[29] In addition to restrictions on allowable values permitted for Business Concepts in the message setting, possible alterations could include reference to a specific set of values established or maintained outside of the ISO 20022 framework (ie an external codelist).

[30] In concept, individual jurisdictions that do not precisely adopt the full set of harmonised CDE data elements – and that are interested in an ISO 20022 representation of their respective reporting rule – could develop their own version of the baseline message submitted by the International Governance Body. Such efforts may entail further coordination at the international level.

[31] Based on preliminary research, there is no International Governance Body that has served as a submitting organisation for ISO 20022 or any other existing standard. Complete information on the process of developing ISO 20022 messages and the role of submitting organisation can be found on the ISO website, https://www.iso20022.org/development.page.

[32] Via the data dictionary as well as the repository of ISO 20022 messages.

Governance Body (in its role of "submitting organisation") would be in charge of proposing whether and how to implement such change requests.

For market participants, the inclusion of CDE in the ISO 20022 data dictionary would also allow them to actively engage in the maintenance of critical data elements by:

1. Submitting a change request to registered Business Model Concepts.
2. Taking part in the maintenance process to change/update an existing concept or data element (as a member of one or more ISO 20022 registration bodies).

Q6: With reference to the inclusion of CDE in ISO 20022 Data Dictionary (Section 6.3):

a) Do you agree with this analysis generally, and specifically in the context of the proposed allocation of functions described in section 4? If not, how would you amend it?

b) If a decision were taken to allocate the execution of the maintenance functions to ISO, do you agree that the CDE should be proposed for inclusion in the ISO 20022 data dictionary? If not, what alternatives would you suggest?

c) Should the CDE be included in ISO 20022 data dictionary, do you have any comments concerning how the potentially significant involvement of market participants in the maintenance of critical data elements might affect the function and efficacy of CDE as part of harmonization standards for OTC derivative transaction-level reporting?

7 Factors relevant to identification of the International Governance Body for CDE in areas 2, 3, and 4

There is a need to identify or select a suitable International Governance Body, as described in Section 4. In undertaking this identification task, the CPMI and IOSCO are aware of three distinct and relevant factors for effectiveness and credibility of any entity identified as the International Governance Body.

One factor is whether the International Governance Body should be an existing body or whether it should be a newly created one. One advantage of selecting an existing body is that the body could rapidly turn its attention to fulfilling the functions assigned to the International Governance Body. Of course, there might not be an existing body with the necessary expertise, governance arrangements, and/or resources to effectively perform the required role. In that case, a case could be made for creating a new body with the necessary characteristics. The relevant considerations in this regard could include whether there is an existing body with the expertise required to address the full potential range and heterogeneity of functions required of the International Governance Body (as discussed in Section 4 and 5) and the management and process expertise needed to simultaneously execute a broad scope of heterogeneous functions that might be assigned to the International Governance Body. For example, within the role for the International Governance Body outlined across governance areas in Section 4, the breadth of required functions could include managing the relationship with, and overseeing the high potential volume of maintenance issues identified by the Maintenance Body; the analysis of issues brought directly to the International Governance Body by authorities or through public consultation; and monitoring jurisdictions' implementation of the CDE Technical Guidance. However, the CPMI and IOSCO understand that the establishment of a new body would take time and resources.

A second factor is whether the International Governance Body includes among its members Authorities from relevant jurisdictions and is subject to consensus procedures. The CPMI and IOSCO tentatively conclude that it is essential for the International Governance Body to have these membership-related attributes. These attributes are desirable in order to represent the views of Authorities as stakeholders and users of the CDE data as well as to ensure that the appropriate range of market practices

and circumstances would be considered in International Governance Body deliberations. Further potential benefits of this membership factor include

- that members would be experienced in the technical issues arising from OTC derivatives markets and transactions, strengthening their credibility with the markets and the public;
- that members represent the public interest as regulators, consistent with proposed key criterion 2, "Public interest" (see Section 2);
- that members are well versed in consultation-based change and rule-making processes involving private sector financial market participants; and
- that the membership overall would facilitate the ability of the International Governance Body to convene and coordinate among Authorities as needed.

A third factor is the capacity of the International Governance Body as a group, as well as its members as active participants, to devote sufficient time and resources on a continuous basis to the details and processes associated with its prospective role, as described in Section 4 and elaborated on in Section 6. The potential roles of the International Governance Body include multiple specific points of ongoing engagement with the Maintenance Body. Moreover, the expected frequency of changes to individual CDE (as mentioned in Section 5) suggests that the International Governance Body will likely be called upon to engage significantly and often with the Maintenance Body. Continuity would also be important, to ensure that the International Governance Body and its participant members could sustain the functions and roles assigned/allocated under CDE governance arrangements, in particular in relation to active engagement with the structural processes of the Maintenance Body. Examples of such engagement include addressing escalated maintenance requests and questions initially submitted to the Maintenance Body; addressing possible updates of definitions, formats and allowable values that may be proposed by the Maintenance Body itself; and monitoring issues related to the execution of the maintenance functions by the Maintenance Body. Concrete illustrative examples of such engagement as applied to the ISO, the preferred candidate of the CPMI and IOSCO to serve as the Maintenance Body, could include participation by representatives of the International Governance Body in the Standards Evaluation Group (SEG) associated with the review of derivatives-related messages and associated business components and elements under ISO 20022. In addition, as proposed in Section 6.2.1, the International Governance Body would address maintenance questions arising from Authorities.

With these potential duties and activities for the International Governance Body in mind, it would be natural to take account of existing and potential membership size, operating budget (as relevant), frequency of regular meetings and scope of activities as considerations in assessing the resource capacity of a candidate for the International Governance Body. In addition to such indicative metrics, it would be critical that any entity identified as the International Governance Body specifically commits itself to assembling the resources required for a sufficient degree of engagement with CDE-related governance processes.

The CPMI and IOSCO propose to weigh these three factors for any entity that might be considered for the CDE International Governance Body. Within the governance arrangements for other identifiers described in Section 5 and Table 1 in Annex 1 to this document, certain bodies play, or are designed to play, roles that are comparable with that of the International Governance Body in the CDE context. As such, those bodies represent examples of the types of entity that might eventually be considered as candidates for the CDE International Governance Body. With regard to the UTI, the FSB has concluded that, on an interim basis (ie prior to the final identification of the International Governance

Body[33]), the CPMI and IOSCO are best positioned to undertake the governance functions assigned to an International Governance Body. The FSB is still considering governance arrangements for the UPI, including through a public consultation process conducted by the GUUG. The latest consultative paper for UPI describes possible public-private governance arrangements involving a Unique Identifiers Regulatory Oversight Committee (UIROC), which would represent relevant Authorities from relevant jurisdictions, and an Industry Representation Group (IRG) which could include representatives of, inter alia, reporting entities, derivatives infrastructure providers, or market data providers.[34]

Q7: With reference to the factors relevant to the identification of the International Governance Body for CDE in areas 2, 3, and 4 (Section 7):

a) Should the International Governance Body be an existing body or is there a need to create a new body? Especially if an existing body, how important should experience/track record be as a consideration in the choice of IGB?

b) If any International Governance Body would need to absorb significant cost in order to devote sufficient resources to serve effectively in that role (possibly, for example, in the case of a public-public partnership), how should such costs be allocated among stakeholders?

c) Are there particular characteristics that you believe would best demonstrate that any International Governance Body for CDE has the capacity and resources to serve effectively in that role?

d) Are there other factors that the CPMI and IOSCO should consider in identifying an International Governance Body?

e) Taking account of the factors described above and other factors deemed important, which body (or bodies) should the CPMI and IOSCO consider as candidates to serve as an International Governance Body for CDE? Which factors are most influential as the basis for such recommendation(s)?

8 Implementation

CDE implementation encompasses three distinct but interconnected processes: (a) implementation of the CDE governance arrangements; (b) implementation of the April 2018 CDE Technical Guidance by Authorities; and (c) any potential updates to the April 2018 CDE Technical Guidance. These three processes as well as the implementation timeline will be decided by the CPMI and IOSCO for the final report on CDE governance arrangements.[35]

Q8: With reference to implementation (Section 8):

a) Is there any specific issue or challenge that should be considered by the Authorities?

[33] As clarified in the Governance Arrangements for the UTI: "The FSB believes there may be benefits to having a common governance framework, consisting of one or more international bodies, for the UTI and UPI. Therefore, the FSB considers that the final identification of the International Governance Body should take place contemporaneously with the FSB making its conclusions on the UPI Governance Arrangements."

[34] http://www.fsb.org/wp-content/uploads/P260418-1.pdf

[35] Among other things, the CPMI and IOSCO will in the future devote attention to potential differences in implementation between data elements that are completely new and data elements that already have similar versions in the ISO 20022 data dictionary.

Annex 1: Preliminary comparison of CDE against UTI, UPI and LEI across key dimensions

Table 1

Dimension	Question	Identifier					
		CDE[1]	UTI	UPI	UPI reference data	LEI	LEI reference data
Data elements	How many?	>100	1	1	25	1	21
Maintenance:							
(a) Change of definitions[2]	Frequency?	Medium	Not applicable	Not applicable	Medium	Not applicable	Low
(b) Change of formats	Frequency?	Medium	Very low, if any	Not applicable	Medium	Not applicable	Low
(c) Changes to existing allowable values[3]	Frequency?	High	Not applicable	Not applicable	High	Not applicable	Low
(d) Addition/deletion of new allowable values[4]	Frequency?	High	Not applicable	Not applicable	High	Not applicable	High
(e) Changes in the list of data elements	Possible?	Yes	Not applicable	Not applicable	Yes	Not applicable	Yes
Standard	What kind is appropriate?	ISO 20022 data dictionary (see Section 6)	ISO standard	Possibly ISO standard	Many linked to an ISO standard	ISO standard	Many linked to an ISO standard
Reference data	Is the data element linked to Reference Data?	No, except for custom baskets[5]	No	Yes	Yes	Yes	Yes
Reliance on third-party entities	Is the value of the data element reliant on third-party entities?	No	Yes to the extent to the extent that UTI generation waterfall may involve those entities	Yes (UPI service providers)	No	Yes (LOUs)	No

[1] The levels "low" "medium", "high" provided in this column are based on how often the CDE data elements will need to be changed. These levels are based on HG preliminary expectations, reflecting the experience gained during the technical harmonisation work. [2] This refers to changes to definitions, formats, allowable values to individual data elements within the CDE. [3] The CPMI and IOSCO have harmonised data elements by harmonising definition, formats and list of allowable value for each data element. Evolution of market practices may require changes to existing allowable values. [4] The CPMI and IOSCO have harmonised data elements by harmonising definition, formats and list of allowable value for each data element. Evolution of market practices may require that new allowable values are included in the list, for example a new Day Count Convention (which is a CDE data element), or a new UPI reference data linked to a new product. [5] The CDE Data elements related to custom baskets that are linked to Reference Data are the "Identifier of the basket's constituents" and the "Source of the identifier of the basket constituents".

Annex 2: Glossary

Authorities	National or regional relevant authorities.
CDE	Critical data elements other than UTI and UPI, including the definition, format and allowable values.
CDE Data Standards	Data Standards relating to critical data elements other than UTI and UPI, including the definition, format and allowable values.
CDE Technical Guidance	The contents of the CPMI-IOSCO report setting out regulatory guidance on the definition, format and allowable values of the critical data elements other than UTI and UPI.
Data Element	A general term for each of the discrete categories of information that might be reported or processed pertaining to an OTC derivatives transaction.
CPMI	Committee on Payments and Market Infrastructures
FSB	Financial Stability Board
Governance arrangements	Governance structures, procedures or protocols. The term encompasses only the arrangements as adopted or to be adopted by the CPMI and IOSCO, exclusive of the broader governance framework in which these arrangements will exist.
Governance framework	The background setting, including legal structures, in which any Governance Arrangements may rest. This broader framework includes national regulatory authorities, international and national standard-setting bodies, national and international law, and guidance.
Harmonisation Group (HG)	CPMI and IOSCO working group for harmonisation of key OTC derivatives data elements
International Governance Body	Body allocated to carry out specified governance functions for the CDE, consistent with its mandate and subject to its consensus procedures.
Data Standard	A set of characteristics or qualities that describes the features of a Data Element. A Data Standard for a given Data Element includes or may include such things as a structural definition and format specifications. The use of the term "standard" is not intended to denote a particular level in a hierarchy, nor does it necessarily denote the output of the work of an International Standardisation Body or standard-setting body.
International Data Standard	A Data Standard issued by an International Standardisation Body.
International Standardisation Body	An international body, other than a Standard-Setting Body, that promulgates standards, including data standard-setting bodies such as the ISO.
IOSCO	International Organization of Securities Commissions
ISO	International Organization for Standardization
LEI	Legal Entity Identifier

Maintenance	The ongoing process of updating the definitions, formats and allowable value and the list of critical data elements.
Maintenance Body	Entity allocated to carry out maintenance of the CDE Data Standards.
OTC	over-the-counter
Standard-Setting Body	A grouping or body of authorities (with or without observers that are not authorities), that is responsible for issuing standards or recommendations for the guidance of authorities, market participants and/or other addressees, for example, the CPMI or IOSCO.
Trade Repository (TR)	(a) An entity that maintains a centralised electronic record (database) of transaction data and is authorised to receive reports about transactions and make this information available to authorities as appropriate; or (b) an entity, facility, service, utility, government authority etc that is not established as an authorised trade repository but that maintains a centralised electronic record (database) of transaction data and is used by market participants to report transaction data, or provides TR-like services.
UTI	Unique Transaction Identifier
UPI	Unique Product Identifier

Annex 3: Working group participants

This report was produced for the CPMI and IOSCO by the Working Group for the harmonisation of key OTC derivatives data elements (Harmonisation Group).

Co-chairs:	Marc Bayle European Central Bank
	John Rogers (until May 2017) US Commodity Futures Trading Commission
	Dan Bucsa (from May 2017) US Commodity Futures Trading Commission
Vice-chairs:	Markus Mayers European Central Bank
	Srinivas Bangarbale (until May 2017) US Commodity Futures Trading Commission
	Tom Guerin (from May 2017) US Commodity Futures Trading Commission
Members:	
Canada	Steve Badra-Quirion (until May 2018) Autorité des marchés financiers
	Eli Adzogan (from September 2017) Autorité des marchés financiers
	Shaun Olson Ontario Securities Commission – Critical Data Element sub-stream co-lead
	Yani Wu Ontario Securities Commission
China	Liu Rui (January 2017 to May 2018) China Securities Regulatory Commission
	Jiang Xiaolu (from June 2018) China Securities Regulatory Commission
France	Franck Lasry Autorité des Marchés Financiers
Germany	Olaf Kurpiers Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)
	Dominik Zeitz (from June 2017) Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)
	Christoph Fricke (from April 2018) Deutsche Bundesbank
Hong Kong SAR	Polly Lee (from September 2017) Hong Kong Monetary Authority

Italy	Carlo Bertucci (until May 2018) Bank of Italy
	Annamaria Germano (from June 2018) Bank of Italy
Japan	Tomoyoshi Teramura (from July 2017) Financial Services Agency
Mexico	Roberto Toledo-Cuevas Bank of Mexico
Russia	Denis Grigorev (from September 2016) Central Bank of the Russian Federation
Singapore	Gael Soon (from January 2017) Monetary Authority of Singapore
United Kingdom	Sebastiano Daros (from July 2017) Bank of England – Critical Data Element sub-stream co-lead
	Johnathan Wakefield (from September 2017) Bank of England
United States	Erik Heitfield (from October 2016) Board of Governors of the Federal Reserve System
	William Treacy (from May 2016) Board of Governors of the Federal Reserve System
	Scott Okrent (from February 2017) Board of Governors of the Federal Reserve System
	Kate Mitchel Commodity Futures Trading Commission
	Esen Onur Commodity Futures Trading Commission
	Robert Stowsky Commodity Futures Trading Commission
	Michael Gaw Securities and Exchange Commission
	Yee Cheng Loon (from April 2017) Securities and Exchange Commission
	William Katt (from February 2016) Securities and Exchange Commission
	Carol McGee Securities and Exchange Commission
	David Michehl (from November 2015) Securities and Exchange Commission
European Central Bank	Christine Jozet (from August 2017) Grzegorz Skrzypczynski Olgerd Unger Francesco Vacirca (from September 2016)

European Securities and Markets Authority	Giulia Ferraris (until October 2016 and from January 2018) Joanna Lednicka (until June 2018) Olga Petrenko

Observers:

United States	Thomas Brown Office of Financial Research
	William Nichols Office of Financial Research
	Paul D'Amico Office of Financial Research
European Insurance and Occupational Pensions Authority	Patrick Hoedjes Alessandro Fontana (from June 2017)
European Banking Authority	Giuseppe Cardi Gabriel
European Systemic Risk Board	Roberto Stok (from October 2016)
FSB Secretariat	Laurence White (from July 2016)

Secretariats:

Committee on Payments and Market Infrastructures	Cristina Picillo Philippe Troussard
International Organization of Securities Commissions	Tim Pinkowski (from January 2017)